



GEOKINETICS INC.

m/047/002

FACSIMILE TRANSMISSION

DATE: 8-10-04	
TO: PAUL BAKES	FROM: MICKEY SCHOTT
COMPANY: UTAH OIL & GAS	GEOKINETICS INC.
PHONE: ()	One Riverway, Suite 2100
FAX: (801) 359-3940	HOUSTON, TEXAS 77056
PAGES TO FOLLOW: 2	PHONE: (713) 850-7600
RE: WATER RIGHTS / WELLS	FAX: (713) 850-7330

COMMENTS:

PAUL - As Discussed

RECEIVED

AUG 10 2004

DIV. OF OIL, GAS & MINING

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ONE RIVERWAY, SUITE 2100, HOUSTON, TX 77056-7600 FAX: 713 850-7330



State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

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Governor

Kevin S. Carter
Director

675 East 500 South, Suite 500
Salt Lake City, Utah 84102-2818
801-538-5100
801-355-0922 (Fax)
<http://www.trustlands.com>

August 4, 2004

Cheri McCurdy
Uinta Special Service District
P.O. Box 144
Vernal, Utah 84078

Mathew L. Crockett
Pruitt Gushee
1800 Beneficial Life Tower
Salt Lake City, Utah 84111-1495

Alameda Corporation
Attn: Mr. Rod Weaver
P.O. Box 1508
Vernal, Utah 84078

Michael A Schott
Vice President
Geokinetics, Inc.
One Riverway, Suite 2100
Houston, Texas 77056

RE: Mineral Lease 45256-Oil Shale
Grazing Permit No. 20595
Water Right Nos. 49-1545 and 49-1546

RECEIVED

AUG 10 2004

Dear Mr. Schott, Ms. McCurdy, Mr. Crockett and Mr. Weaver:

DIV. OF OIL, GAS & MINING

I am writing concerning a couple of water rights which are both located in a well on State trust land but which have been filed in the name of the Uinta Special Service District (USSD). Water Right No. 49-1545 was filed for the purpose of road construction and the maintenance of the Seep Ridge Road. Water Right No. 49-1546 was filed for the purpose of maintaining a wildlife wetland for mitigation on what also appears to be trust land. State law and rules require that any water rights established on trust lands be assigned to the Trust Lands Administration (TLA). However, there is no record of this Agency granting the use of trust land by the USSD for access to this well or maintenance of a wildlife wetland. Further complicating the issue is the fact that there is no water source at the location where these water rights are supposedly located.

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A letter discussing this matter was previously sent to the USSD on February 3, 2003 (copy attached). The letter also mentions two other water rights associated with the same trust parcel, Nos. 49-350 and 49-370, in which the Alameda Corporation may be claiming ownership. However, to the best of our knowledge, both these rights have lapsed, one in 1981 and the other on June 30, 1997. Thus, any claim of Alameda Corporation had to the water through these water rights has lapsed.

There is a water well in use on the section but it is located at some distance to the west of the described location of the USSD water rights and the lapsed Alameda water rights. It appears that this well, which has no water rights attached to it, is being used for stockwatering purposes as there is a large tank into which water is pumped for use by livestock.

At the present time, TLA must decide whether to require Geokinetics, Inc., a former mineral lessee, to plug the well. TLA has received no response from either USSD or the Alameda Corp. to the February 2003 inquiry. If Alameda Corp. will enter into a lease of the property, TLA will file a water right application at the existing well location and will not require Geokinetics, Inc., to plug the well. If the USSD is interested in using water in this area, we should also be able to enter into an agreement with them as well; however, it is my understanding that they are not interested in keeping their water rights at this location. In order to keep the records of the Division of Water Rights correct, the USSD should withdraw water right applications 49-1545 and 1546 as there is not a water source at that location.

However, in the absence of a current lessee, it is in the best interests of TLA's beneficiaries to plug the well in order to maintain the value of the property and to protect TLA against any liability. Thus, if TLA receives no indication of interest in leasing the well site before September 30, 2004, by either USSD or by Alameda Corp., the agency will have no choice but to have the well plugged.

If you have any questions, please contact me at your convenience.

Sincerely,



Richard B. Wilcox
Trust Lands Resource Specialist

cc: Susan Sweigert
John Blake
Scott Chamberlain